

PDL/SEC./SE/2017-18/

August 16, 2017

National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Code: PARSVNATH – EQ (NSE)

Sub: Reply to Clarification sought in respect of revision in CRISIL Rating assigned to the
long term bank loan facilities of the Company "CRISIL - C" to "CRISIL - D"

Dear Sirs,

This is with reference to your e-mail dated August 14, 2017 and in furtherance to our letter dated August 11, 2017 on the captioned subject.

In this connection, the reason published by the Rating Agency viz. CRISIL for the downgrade rating from "CRISIL - C" to "CRISIL - D" assigned to the long term bank loan facilities of the Company is enclosed herewith.

This is for your information and records.

Thanking you,

Yours faithfully,
For Parsvnath Developers Limited



(V. Mohan)
Company Secretary &
Compliance Officer

Enclosed : As above

Ratings

Rating Rationale

August 08, 2017 | Mumbai

Parsvnath Developers Limited

Rating downgraded to 'CRISIL D'

Rating Action

Total Bank Loan Facilities Rated	Rs.250 Crore
Long Term Rating	CRISIL D (Downgraded from 'CRISIL C')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its rating on the long-term bank facilities of Parsvnath Developers Limited (PDL) to '**CRISIL D**' from '**CRISIL C**'.

The downgrade reflects delays in servicing the rated debt on account of stretched liquidity. PDL is also exposed to cyclical risk inherent in the real estate sector. However, it benefits from the extensive experience of its promoters in the real estate industry.

Analytical Approach

For arriving at the rating, CRISIL has combined the business and financial risk profiles of PDL, and its subsidiaries and associates. This is because all these companies, collectively referred to as PDL, are managed by the same promoters, and have fungible cash flows.

Key Rating Drivers & Detailed Description

Weakness

*Delays in debt servicing

PDL has delayed in servicing its debt obligations following lower-than-expected cash flows from its projects. It also derives benefit from its available land bank; in the past, the company had monetised the same for meeting debt obligations. Ability to successfully monetise surplus land parcels will remain a key rating sensitivity factor.

*Susceptibility to cyclical demand inherent in the real estate sector in India

The real estate sector in India is cyclical and volatile, resulting in fluctuations in cash flows because of volatility in realisations. In contrast, cash flows, related to project completion and servicing debt, are relatively fixed, and could lead to substantial cash flow mismatches. PDL remains exposed to risks and cyclical demand inherent to the real estate sector.

Strengths

* Promoters' extensive experience in the real estate sector

The promoters, given their healthy track record of over two decades in the real estate sector, have developed a well-diversified portfolio, which includes residential apartments and townships, commercial and retail space, special economic zones (SEZs), information technology (IT) parks, and hotels. It is also engaged in the construction contracting business.

About the Group

Incorporated in 1990, PDL develops real estate projects and has a well-diversified portfolio of residential apartments, integrated townships, commercial and retail projects, SEZs, IT parks, and hotels. It is also engaged in the construction contracting business. While the company has delivered about 2.8 crore square feet (sq ft) through its 65 completed projects, the ongoing project portfolio comprises around 40 projects spread over about 5.5 crore sq ft. It has a pan-India presence, with a major presence in Delhi and the National Capital Region.

PDL's net loss was at Rs 34.83 crore on net sales of Rs 249.42 crore for fiscal 2017, on a provisional basis, as against a net profit of Rs 4.72 crore on net sales of Rs 309.7 crore for fiscal 2016.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Cash credit	NA	NA	NA	88.96	CRISIL D
NA	Long-term loan	NA	NA	26-Feb-2019	20.0	CRISIL D
NA	Proposed long-term bank loan facility	NA	NA	NA	141.04	CRISIL D

Annexure - Rating History for last 3 Years



Instrument	Type	Current		2017 (History)		2016		2015		2014		2014
		Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Non Convertible Debentures	LT		-		-	22-06-16	Withdrawal	23-04-15	CRISIL C	21-01-14	CRISIL B(SO)/Stable	-
Fund-based Bank Facilities	LT/ST	250	CRISIL D		No Rating Change		No Rating Change	23-04-15	CRISIL C		-	-

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	88.96	CRISIL D	Cash Credit	98.9	CRISIL C
Long Term Loan	20	CRISIL D	Long Term Loan	20	CRISIL C
Proposed Long Term Bank Loan Facility	141.04	CRISIL D	Proposed Long Term Bank Loan Facility	131.1	CRISIL C
Total	250	-	Total	250	-

Links to related criteria

CRISILs Bank Loan Ratings - process, scale and default recognition

CRISILs Rating criteria for Real Estate Developers

The Infrastructure Sector Its Unique Rating Drivers

CRISILs Bank Loan Ratings

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